

MINUTES OF THE REGULAR MEETING
City of Aurora General Employees' Retirement Board

Held Thursday, January 18, 2018
12100 East Iliff Avenue, Suite 108
Aurora, CO 80014

1) 8:00 AM - Meeting Called to Order

Roll Call

Chairperson	David McConico	Present
Legislative Members	Helen DiBartolomeo	Present
	Cliff Haight	Present
	Joe McCleary	Excused
	Michelle Reding	Present
	Sue Sandstrom	Excused
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for the City Manager)	Present
	Terri Velasquez (Finance)	Present
	Noël Mink (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Thomas Connell	Present
	Aaron Kahn	Present

Election of Officers and Committee Assignments

The Board discussed the election of officers. It was their consensus that the current officers and committee members should continue in their roles. Michelle Reding moved and Cliff Haight seconded a motion to nominate David McConico as Chairperson and Sue Sandstrom as Vice Chairperson. They were reelected unanimously. Trevor Vaughn moved and Cliff Haight seconded a motion to retain the assignments to the personnel and audit committees. The motion passed unanimously.

2) Approval of the Minutes

Terri Velasquez suggested several edits to the minutes. Trevor Vaughn moved and Cliff Haight seconded a motion to approve the minutes of the regular meeting held on December 14, 2017, as amended. The motion passed unanimously,

3) Treasurer's Report

Tom Connell reviewed the financial statements and investment performance for November 2017. As of January 16, 2018 the fund was valued at approximately \$483.0 million.

Tom reviewed a proposal to gradually rebalance assets to the new allocation targets over the next six months. Trevor Vaughn moved and Cliff Haight seconded a motion to transfer \$8.5 million from Smith

Graham, with \$7.5 million going to Denver Investments and \$1 million to American Funds EuroPacific Growth. The motion passed unanimously.

4) Review of Lump Sum Distributions for December

Fourteen participants received lump sum payments totaling \$118,530.45.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Trevor Vaughn moved and Michelle Reding seconded a motion to approve retirement benefits for **Ranell Cain, Jeff Daner, Roger Garner, Daniel Gutierrez, Julian H. Harley, Patricia J. Hicks, Gerald L. Knapp, Dennis T. Mertin, Ignacio Moreno, Janet T. Renner, Thomas Ries and Jan L. Sterling**. The motion passed unanimously.

6) Old Business

A) Participant Education

On January 17th, Aaron Kahn, Noel Mink, Terri Velasquez, representatives from the Nationwide deferred compensation plan and the City's Human Resources staff met to discuss participant education strategies. Aaron stated that he is excited to be able to work with Michelle Escobedo of Nationwide to provide educational opportunities in multiple locations throughout the City. Terri described ideas discussed at the meeting, including creating a video for new hires to watch, Skype discussions with participants who have work schedules outside of normal business hours and having Aaron available to discuss benefits at the AMC. Noel noted that her department might add education regarding GERP and the deferred compensation plan to the Supervisory Certificate Program. She also said that she will work with directors to make sure employees will be granted time off to take advantage of education opportunities. She also suggested that GERP staff should contribute articles to the wellness newsletter.

B) Policy on Discretionary Cost of Living Adjustments

Tom Connell summarized the discussion that took place at the last meeting. Board members had considered looking at funded status, actuarially forecasted trajectory and investment return to determine if discretionary benefit increases were appropriate. David McConico reiterated that the current policy is that cost of living adjustments for Tier 2 retirees and for the supplemental benefit are approved at the discretion of the Board. He said that each Board member has to determine his or her own criteria. Hans Hernandez cautioned that any policy needs to be written carefully, as the Board cannot waive its discretion and replace it with rule-based automatic decision making. Terri Velasquez explained that by developing criteria and guidelines for increases, the Board will be better able to justify its decisions. Trevor Vaughn would like to avoid the perception that the Board decisions are arbitrary. Cliff Haight stated that each Board member should weigh whatever criteria they find to be most important.

The Board asked Tom Connell to draft a statement incorporating those considerations. Noel Mink suggested that a "frequently asked questions" format could be used to communicate that policy to employees.

C) Office Technology Upgrades

Tom distributed an IT security status report authored by Tim McCain. Aaron Kahn noted that that very few of Mr. McCain’s requirements pertain to the services that would be provided by the vendor under consideration. He urged the Board to hire an IT service provider as soon as possible, while Tom is still working for the Board. Several members of the Board wished that there had been more candidates to consider. A request was made that Tom do some addition work to determine whether the pricing offered by IT Guru was reasonable. Once that information has been provided, the Board agreed that they could make a decision on whether to hire IT Guru by email before the next Board meeting.

D) Pension Plan Administrator Recruitment Update

Tom Connell has signed an employment contract and will continue working for GERP on a temporary basis until a new pension plan administrator is hired.

David McConico read a message from Sue Sandstrom regarding recruitment efforts. The subcommittee is working with the City and will be screening applications next week. Terri Velasquez requested that non-voting members be included in emails regarding the process.

Public Comments

Tom distributed a copy of an email from an employee regarding discretionary benefit increases. The employee felt that the Board’s decision to not provide a cost of living adjustment for Tier 2 retirees this year was disrespectful and unjustified. Tom has responded to the employee, explaining that the Board is working on a policy for discretionary cost of living adjustments.

7) New Business

A) Bull and Bear Award and Predictions

Helen DiBartolomeo won the 2017 Bull & Bear Award with her prediction that the S&P 500 index would have a return of 13.6%. The actual S&P 500 return was 21.83%. The following predictions were made for 2018:

Trevor Vaughn	-5.20%		Sue Sandstrom*	10.50%
Tom Connell	5.50%		Michelle Reding	10.60%
Terri Velasquez	7.00%		Aaron Kahn	11.25%
David McConico	7.25%		Joe McCleary	12.00%
Cliff Haight	7.50%		Hans Hernandez	14.00%
Jackie Ehmann	8.00%		Janice Napper	16.90%
Noel Mink*	10.50%		Helen DiBartolomeo	17.20%

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8) Report on Travel

There was no report on travel.

9) Staff Report

The auditors were at the office for their first week fieldwork in early January. They will return for two more weeks starting on February 26th. Staff is in the process of compiling and testing data for the actuarial valuation.

Cliff Haight moved and Trevor Vaughn seconded a motion to adjourn. The motion passed unanimously.

Meeting Adjourned 11:50 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David McConico
Chairperson of the Board

2/15/2018
Date